

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 93-472-C - ORDER NO. 94-540 ✓

JUNE 9, 1994

IN RE: Application of STS Networking Systems, Inc. d/b/a Scott Communications for a Certificate of Public Convenience and Necessity to Provide Store and Forward Telecommunications Services on an IntraLATA and InterLATA Basis within South Carolina.) ORDER) GRANTING) RECONSIDERATION) IN PART AND) DENYING) RECONSIDERATION) IN PART
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This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition for Rehearing and/or Reconsideration filed by STS Networking Systems, Inc. d/b/a Scott Communications (Scott) and Peoples Telephone Company, Inc. (Peoples) (collectively referred to as Petitioners). For the reasons stated below, the Commission has determined that the Petitioners' Petition should be granted in part and denied in part.

On May 4, 1994, the Commission issued Order No. 94-368 in this Docket which granted Scott authority to provide store and forward technology restricted to "0+" intraLATA and interLATA collect calling. By their Petition, Petitioners allege the Commission erred (1) in failing to grant Scott authority to provide store and forward service on a "0+" interLATA credit card calling, (2) in failing to grant Scott authority to provide "0+" intraLATA credit card calling and local collect and credit card

calling, and (3) in failing to grant Scott's Motion to Amend the Application to Conform to the Evidence presented at the hearing.

Upon re-examination of the record and the issues presented in this Docket, the Commission is of the opinion that it should grant Scott the authority to provide store and forward "0+" intraLATA and interLATA credit card calling. The testimony of Joe Hutchinson, President of Scott, and B. Reid Presson, Jr., Vice President of Regulatory Affairs for Intellicall, Inc. illustrates the technology for the services proposed by Scott is available and in place through the use of "smart phones". In Order No. 94-368, the Commission found Scott to be fit, willing, and able to provide store and forward services. Order 94-368 at p. 7. Furthermore, the testimony of Mr. Hutchinson, Mr. Presson, and Steve Alexander, Director of Regulatory Affairs of Peoples, supports the Commission's conclusion that "0+" collect store and forward service on an intraLATA and interLATA basis is in the public interest. Order No. 94-368 at p. 10.

Upon reconsideration of this matter, the Commission concludes that approval of Scott to provide "0+" credit card store and forward service on an intraLATA and interLATA basis would also be in the public interest. This conclusion is reached upon re-examination of the testimony of witnesses Hutchinson, Presson, and Alexander who testified that the availability of store and forward technology would increase the availability of public communications services by allowing private pay telephone owners to place pay telephones in otherwise marginal locations.

Southern Bell attempted to show at the hearing that approval of store and forward technology would deprive the Local Exchange Companies (LECs) of an important stream of revenue which is used to support basic local rates. Upon re-examination of the record, the Commission determines that the potential loss to Southern Bell of \$1.5 million, as testified to by Patricia Cowart, is speculative and, therefore, insufficient to deny this authority. Ms. Cowart testified that Southern Bell derives \$1.5 million from operator assisted calls from COCOTs and that this revenue is used to provide contribution in support of basic local exchange service and other non-revenue producing operator handled calls. However, Ms. Cowart's testimony did not take into account revenue that Southern Bell will receive from usage stimulation from the increased number of phones available to the public, from access charges, from line charges, and from billing and verifications charges. Furthermore, Ms. Cowart's testimony regarding the \$1.5 million included revenue from both "0+" and "0-" calls, and according to the testimony, Southern Bell will continue to carry "0-" calls if the store and forward authority is granted. Also, Southern Bell would lose the \$1.5 million only if all COCOTs take their intraLATA business from Southern Bell. Therefore, the Commission concludes that Southern Bell's showing of potential loss falls short of that necessary to convince the Commission that approval of store and forward technology would adversely affect local rates to the extent that the Commission should deny the authority. Therefore, the Commission grants Scott the authority

to provide store and forward services for "0+" intraLATA and interLATA credit card calling.

The Commission, however, will not authorize Scott to provide store and forward services on a local basis. The Petitioners assert that the Commission erred in failing to grant Scott's Motion to Amend its Pleadings to Conform to the Evidence presented during the hearing. The Petitioners allege that Southern Bell had adequate notice of Scott's request for local authority and that Southern Bell's witness addressed Scott's request for local authority. While Ms. Cowart, Southern Bell's witness, indeed acknowledged that her testimony was prepared with the understanding that Scott had requested store and forward authority on a local basis, the record reveals that Ms. Cowart's testimony was prepared after reviewing the testimony of Mr. Hutchinson, the witness for Scott. Mr. Hutchinson's testimony addressed local authority. Scott contends that regardless of the fact that the Application, and consequently the public notice of this proceeding, did not contain the word "local" in its body that no prejudice resulted to Southern Bell or any other party who may have had an interest in this proceeding. The Commission disagrees with this assertion. The public notice requirement is a necessary element to protect parties who may have an interest in a proceeding. The Commission cannot determine, based on Petitioners' assertion, who may have relied on the notice. The Commission cannot, and will not waive, this important requirement. Therefore, the Commission discerns no error in denying Scott's

Motion to Amend its Pleadings.

Petitioners also assert that while the word "local" does not appear in the Application that a local call is by its nature a non-toll call that originates and terminates within a LATA. Therefore, the Petitioners argue that its request for intraLATA authority also includes not only intraLATA toll calling, but also non-toll intraLATA (or local) calling. The Commission finds this argument without merit. Local calling enables an end user to complete a call without incurring MTS (Message Toll Service) charges. Everyday usage of the terms "local" and "intraLATA" do not give industry representatives the impression that the two terms are interchangeable. Reference to intraLATA traffic does not give rise to the impression that local calling is included in the term "intraLATA." Therefore, the Commission finds that notice that Scott was seeking local authority is absent and holds that Petitioners' Petition must be denied as to this ground.

The Commission therefore holds that the Petition for Rehearing and/or Reconsideration must be granted in part and denied in part. The Commission believes that credit card store and forward service on an intraLATA and interLATA basis is in the public interest and should be granted. The Commission finds that the record supports the approval of Scott to provide store and forward services for "0+" credit card and collect calling on an intraLATA and interLATA basis from its pay telephones.

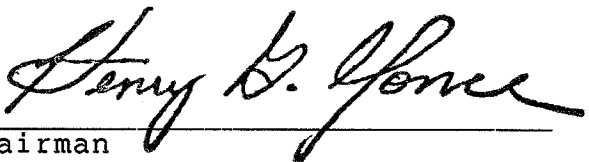
IT IS THEREFORE ORDERED THAT:

1. The Petition for Rehearing and/or Reconsideration filed

by Scott is granted in part and denied in part.

2. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)